

**MINUTES OF THE REGULAR MEETING OF
THE ELOY CITY COUNCIL
CITY OF ELOY
628 NORTH MAIN STREET
JULY 11, 2016
6:00 P.M.**

Staff Present: Harvey Krauss-City Manager; Stephen R. Cooper-City Attorney; Mary Myers-City Clerk; William Pitman Chief of Police; Brian Wright-Finance Director; Ken Martin-City Engineer/Public Works Director; Rus Ketcham-Library Director; Jon Vlaming-Community Development Director; Paul Anchondo-Parks and Recreation Director

I. CALL TO ORDER

Mayor Belloc called the meeting to order at approximately 6:00 p.m.

II. INVOCATION

Invocation was given by Mayor Belloc.

III. PLEDGE OF ALLEGIANCE

Mayor Belloc led Council and the public in the Pledge of Allegiance.

IV. ROLL CALL

Council Members Present: Councilmember JoAnne Galindo; Councilmember Andrew Rodriguez; Mayor Joel Belloc; Vice Mayor Micah Powell; Councilmember J.W. Tidwell; Councilmember Augustine Saucedo

Council Members Absent: Councilmember J.R. Nagy (excused)

V. COMMUNICATIONS

1. Vice Mayor Powell conveyed that based on what happened at last Thursday's budget work session, he personally will not put up with outbursts from anyone in attendance. He stressed the importance of Council and the public respecting one

another. Vice Mayor Powell told Mayor Belloc if another outburst occurs like what happened last Thursday, he will have law enforcement escort that person or persons out of the meeting. And if the outbursts continue, that person or persons will be asked not to come back. Vice Mayor Powell stated that Council is here for the city as a whole and not for one individual group.

2. Mr. Brian Wright, finance director, presented a Certificate of Achievement for Excellence in Financial Reporting to Mayor Belloc for the City of Eloy on behalf of the Government Finance Officers Association (GOFA). Mr. Wright stated this is the city's fourth consecutive year receiving this prestigious award.

Mayor Belloc thanked Mr. Wright, Mr. Krauss and city staff for their continued hard work.

VI. APPEARANCES FROM THE FLOOR

Mr. Frank Edleman – 417 S. D Street.

Mr. Edleman conveyed that he's been before the Council in the past about speeding vehicles on his street. He said he has not seen any officers on D Street for a while. Mr. Edleman said he would like something done to reduce the speed such as putting in speed bumps or having more patrol in the area. He also expressed concerns about the alley or right of way behind his house; excess amount of dogs in the area; four wheelers; and loud music being played late at night. Mr. Edleman also suggested that the city have a "welcome wagon" to greet new residents in the city. He said he and his wife has been in Eloy for three years and has not been approached by anyone from the city to welcome them.

Mayor Belloc told Mr. Edleman that he will follow up with him on his concerns. He asked Mr. Krauss to follow up on the speeding issue with the police department.

Frank Jimenez – Santa Cruz Valley Union High School

Mr. Jimenez conveyed that he read in the newspaper about what happened at last weeks' budget meeting. As a life-long community member and a product of the Eloy school system, he said he was appalled that someone called our school system poor. He takes pride in the city and the schools. If the schools have issues, it's not due to a lack of dedication or commitment towards excellence. Mr. Jimenez pointed out that race is not an issue in Eloy; it never has been and it never will be no matter who says it from the outside or from those who have lived here all their lives. Being negative and rude not only makes the community look bad, but it embarrasses the community. Mr. Jimenez thanked the Council for their outstanding service and commitment to the community. He said he and many others in the community support Council and staff and encouraged Council to continue attending conferences and doing what they do for the community.

VII. EXECUTIVE SESSION

No executive session needed tonight.

VIII. CONSENT AGENDA

Councilmember Tidwell requested agenda item B be removed from the Consent Agenda.

| <u>Agenda Item</u> | <u>Subject</u> |
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| IX-A. | Approval of Minutes: 6/27/16 (regular) |
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| IX-B. | Adoption of Resolution No. 16-1395 Accepting the Transfer of Four Parcels of Right of Way on Toltec Highway from Pinal County and Authorizing the Transfer Agreement with the Arizona State Land Department for Assignment of Right of Way. <i>(Removed for discussion)</i> |
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Motion by Councilmember Saucedo, seconded by Councilmember Tidwell to remove agenda item IX-B from the Consent Agenda and approve remaining Consent Agenda items as presented, passed unanimously by roll call vote.

IX. BUSINESS

B. ADOPTION OF RESOLUTION NO. 16-1395 ACCEPTING THE TRANSFER OF FOUR PARCELS OF RIGHT-OF-WAY ON TOLTEC HIGHWAY FROM PINAL COUNTY AND AUTHORIZING THE TRANSFER AGREEMENT WITH THE ARIZONA STATE LAND DEPARTMENT FOR ASSIGNMENT OF RIGHT-OF-WAY.

Cover sheet discussion: *Council adopt Resolution No. 16-1395 accepting the transfer of four (4) parcels of right of way from Pinal County on Toltec Highway, and authorize the signing of the transfer agreement with the Arizona State Land Department for Assignment of Right of Way.*

Pinal County periodically transfers road and street rights-of-way to the City of Eloy as the streets are brought into the city limits.

These four (4) roadway segments of Toltec Highway have one-half of the right of way within the Eloy city limits and the roadway on either end of these segments is entirely within the Eloy city limits. The four segments on Toltec Highway are:

- 1. East half of roadway, 33.00 feet in width, from Shay Road to a point one-half mile north. Section 22, T8S, R7E*

2. *West half of roadway, 33.00 feet in width, from Shay Road to a point one-half mile south. Section 28, T8S, R7E*
3. *East half of roadway, 40.00 feet in width, from Harmon Road to a point one-half mile north. Section 3, T9S, R7E*
4. *East half of roadway, 33.00 feet in width, from Harmon Road to a point one-half mile south. Section 34, T8S, R7E*

In exchange for acceptance of these rights-of-way parcels, each of these segments has been improved at Pinal County's expense by installation of chip seal pavement.

Segments 1 and 2 also have an agreement between Pinal County and the Arizona State Land Department for use of the right of way. An agreement is required from the State Land Department to transfer the use of these properties from Pinal County to the City of Eloy for roadway purposes. There is no cost to the City for use of these rights-of-way segments.

FISCAL IMPACT:

There is no immediate financial impact to the City of Eloy; however the City will be responsible for future maintenance of these roadway segments.

Councilmember Tidwell had a question in regards to the following statement in the staff report:

"These four (4) roadway segments of Toltec Highway have one-half of the right of way within the Eloy city limits..."

Councilmember Tidwell wanted to know if the other half belonged to Pinal County. He said the city is taking over two miles of county road to upkeep when the city already has enough roads to maintain.

Mr. Krauss agreed with Councilmember Tidwell that the city has plenty of roads to maintain, but there is a situation where one side of the road is city and the other county. He said no one is maintaining the road and it does serve residents and businesses in Eloy. Mr. Krauss explained that the county has agreed to pave the two miles; the city would then take over the entire stretch. He said the majority of the property is in the city on both sides (Mr. Krauss proceeded to point to a map that was included in meeting packet).

Motion by Councilmember Tidwell, seconded by Vice Mayor Powell to read Resolution No. 16-1395 by title only, passed unanimously.

Motion by Councilmember Tidwell, seconded by Vice Mayor Powell to adopt Resolution No. 16-1395, passed unanimously.

- C. ADOPTION OF ORDINANCE NO. 16-855, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF ELOY, SUBJECT TO TAXATION A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100) OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FOR FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2017.**

Cover sheet discussion: *Council adopt Ordinance No. 16-855 setting the property tax levy at \$1.2296 per \$100 of primary assessed valuation for fiscal year 2016-2017.*

This is the final step in the fiscal year 2016-2017 budget process. On June 30, 2016 a public hearing was held on the property tax levy, and the Finance Director provided an overview of City revenue sources and the importance of primary property taxes to the City. At the hearing, public concerns were expressed on specific City expenditures rather than an overall discussion of the proposed tax levy.

The maximum allowable primary property tax rate for FY2016-17 is \$1.2296, which will generate an additional \$20,670 exclusive of new construction. If approved, the primary property tax for the City of Eloy will increase from \$117.01 to \$122.96. On a home assessed at \$100,000 assuming there is no change in the property valuation, the annual increase would be \$5.95.

The City does not have a secondary property tax, which is the traditional means of financing capital projects. Thus, the City must rely on local sales taxes to fund any debt, and local sales taxes and state shared revenues are generally subject to economic fluctuations. Primary property taxes are a more stable source of City revenue, and are primarily used to fund public safety operations, which is projected to cost \$4,130,520 in FY2016-17.

Upon Council action on Ordinance No. 16-855, staff will transmit the approved ordinance to the Pinal County Board of Supervisors for their approval.

FISCAL IMPACT:

The total amount of revenue generated from a primary tax rate of \$1.2296 will be \$1,050,275 in FY2016-17.

Mr. Krauss gave a brief overview of the proposed ordinance for the property tax levy.

Motion by Vice Mayor Powell, seconded by Councilmember Saucedo to read Ordinance No. 16-855, passed unanimously.

Motion by Vice Mayor Powell, seconded by Councilmember Saucedo to adopt Ordinance No. 16-855, passed 5-1 by the following roll call vote:

Ayes: Councilmember Rodriguez; Vice Mayor Powell; Councilmember Saucedo; Councilmember Galindo; Mayor Belloc

Nays: Councilmember Tidwell

D. APPROVAL OF AN AGREEMENT WITH MONSANTO COMPANY FOR FUNDING OF A 12 INCH WATER LINE TO SERVE THE MONSANTO DELTAPINE COTTON SEED FACILITY LOCATED AT MILLIGAN ROAD AND HIGHWAY 87.

Cover sheet discussion: *Council approve an Agreement with the Monsanto Company for funding of a 12-inch water main to provide water service to the Monsanto Deltapine Cotton Seed Facility located at Milligan Road and Highway 87.*

The Monsanto seed facility, located at Milligan Road and Highway 87, was annexed into the City of Eloy in 2015. This allowed for water service to be provided to the facility for fire protection and potable water. In order to provide service to Monsanto, an extension of a new 12-inch water main to the facility was needed. Monsanto prepared the design for the 12-inch water line, which requires installation of a new water main approximately two miles from the City's central water system to the Monsanto facility.

The proposed water line will connect to the City's central system on Alsdorf Road about one-half mile west of La Palma. The line will extend east along the north side of Alsdorf to La Palma, then south along the west side of La Palma to a point in the Frontier Street right-of-way, then southeast to the Milligan Road alignment, and then east to the Monsanto site.

As the design work proceeded and decisions were made on the details of the design, Monsanto approached the City asking if the City would be willing to manage the project through the completion of design, bidding, award of a construction contract, and provide oversight and inspection during construction.

A Letter of Intent (LOI), approved by the City Council on January 11, 2016, was the first step in this process and provided for the City to complete work on the design with all costs being reimbursed by Monsanto. This funding agreement provides the details of the services to be provided for the water line project with all costs paid by Monsanto. It establishes an escrow account which will be funded in full and monies will be disbursed as expenses are incurred.

Costs covered by this Agreement include the following:

*Design costs and preparation of construction plans and specifications;
Permit fees;
Construction costs including any changes to the plans;
Outside engineering for construction inspection; and,
Project management and inspection costs expended by the City of Eloy.*

These costs will be covered entirely by Monsanto in accordance with this funding agreement.

FISCAL IMPACT:

There is no financial impact to the City of Eloy. Upon completion and acceptance of the water main, the City will be responsible for maintenance and operation of the water line.

Mr. Krauss briefly outlined the details of the proposed agreement with Monsanto. He pointed out that this item as well as the next two items are all related to the same topic. Mr. Krauss told Council that the city will not expend any money for this project; all funding will come from Monsanto. He said once the water line is complete; it will be turned over to the city and becomes city property.

Mayor Belloc wanted to know when Monsanto will open the account.

Mr. Martin conveyed the escrow account is being established at Wells Fargo Bank. The account is already set up; however it won't be funded until Council approves the agreement. Once approved, the account will be funded immediately. Mr. Martin said any payments that come in will go through a process review and Monsanto will authorize the transfer of funds from the escrow account to the city to pay the bill.

Councilmember Galindo wanted to clarify that once the project is complete, the city will take over the responsibility of the water line.

Mr. Martin said this is correct. The city will own, operate and maintain the line.

Mr. Krauss added that once the city accepts the water line, if another property owner wants to obtain service and tap into the line, the city agrees to obtain reimbursement from the property owner and give to Monsanto.

Vice Mayor Powell wanted to know how long it will take to complete the job.

Mr. Martin said per the agreement, the contractor is given 90 calendar days to complete the project.

NOTE: Councilmember Tidwell requested that the following discussion be transcribed verbatim.

Councilmember Tidwell: Ken what happens if we get the bill in and Monsanto hasn't enough money in the escrow account to pay it. Are they going to put more money in or will we be stuck with the difference?

Ken Martin: Mayor, Councilmember Tidwell, if you look at the agreement, there is an amount in there that it provides for the full coverage of all the ...dollars that they're going to be putting into to escrow account.

Councilmember Tidwell: Even though if it comes in more than what they have budgeted for.

Ken Martin: If it comes in more than what...

Councilmember Tidwell: I have yet to see a contract come back and we have to pay for what the bid was for.

Ken Martin: Mayor, Councilmember Tidwell, we have an allowance in the contract for any change orders that might occur. It's already built into the contract which is what we're doing so we don't have to come back to either Monsanto or the Council for changes. We think that it has a little over ten percent (10%) of the total project which should cover any minor changes that occur in that particular contract.

Motion by Vice Mayor Powell, seconded by Councilmember Saucedo to approve an Agreement with Monsanto Company for funding of a 12 inch water line to serve the Monsanto Deltapine Cotton Seed facility located at Milligan Road and Highway 87, passed unanimously.

- E. BID AWARD TO AXIOM CONTRACTING IN THE AMOUNT OF \$629,117.00 FOR THE CONSTRUCTION OF THE MONSANTO WATER LINE FROM ALSDORF ROAD TO MILLIGAN ROAD.**

Cover sheet discussion: *Council approve a bid award to Axiom Contracting of Peoria, Arizona in the amount of \$629,117.00, for the construction of the Monsanto Water Line from Alsdorf Road to Milligan Road.*

The Monsanto seed facility, located at Milligan Road and Highway 87, was annexed into the City of Eloy in 2015. This allowed for water service to be provided to the facility for fire protection and potable water. In order to provide service to Monsanto, an extension of a new 12-inch water main to the facility was needed. Monsanto prepared the design for the 12-inch water line, which requires installation of a new water main approximately two miles from the City's central water system to the Monsanto facility.

The proposed water line will connect to the City's central system on Alsdorf Road about one-half mile west of La Palma. The line will extend east along the north side of Alsdorf to La Palma, then south along the west side of La Palma to a point in the Frontier Street right-of-way, then southeast to the Milligan Road alignment, and then east to the Monsanto site.

In accordance with the Letter of Intent approved by the City Council on January 11, 2016, the City began working with Monsanto to assist with items that were needed to complete the plans and specifications. City staff then issued a public notice soliciting bids for the construction of the 12 inch water line.

Seventeen bids were received. The lowest bid was received from Axiom Contracting of Peoria, Arizona in the amount of \$574,617.00. After the bids were received, an additional requirement was presented by the Bureau of Reclamation that requires three of the crossings of the CAIDD irrigation system to be bored beneath the irrigation system instead of regular trenching. This additional cost is \$54,500.00. The total combined amount is \$629,117.00.

The cost of the contract with Axiom Contracting will be paid entirely by Monsanto and Monsanto has agreed to pay the additional costs for the boring under the CAIDD system.

Once the water main has been satisfactorily completed, the new water main will be dedicated to the City at no cost, and the City will be responsible for maintenance and operation of the water main.

FISCAL IMPACT

The total cost of the construction contract is \$629,117.00 which will be paid by Monsanto.

There were no questions and/or comments from Council.

Motion by Vice Mayor Powell, seconded by Councilmember Tidwell to award bid to Axiom Contracting in the amount of \$629,117.00 for the construction of the Monsanto water line from Alsdorf Road to Milligan Road, passed unanimously.

F. PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$43,500 WITH RICK ENGINEERING FOR CONSTRUCTION INSPECTION SERVICES ON THE MONSANTO WATER LINE PROJECT.

Cover sheet discussion: *Council approve a professional services agreement in the amount of \$43,500 with Rick Engineering for construction inspection services on the Monsanto water line project.*

The Monsanto seed facility, located at Milligan Road and Highway 87, was annexed into the City of Eloy in 2015. This allowed for water service to be provided to the facility for fire protection and potable water. In order to provide service to Monsanto, an extension of a new 12-inch water main to the facility was needed. Monsanto prepared the design for the 12-inch water line, which requires installation of a new water main approximately two miles from the City's central water system to the Monsanto facility.

As the design work proceeded and decisions were made on the details of the design, Monsanto approached the City asking if the City would be willing to manage the project through the completion of design, bidding, award of a construction contract, and provide oversight and inspection during construction. The construction contract is recommended for approval as a separate action by the City Council.

This agreement with Rick Engineering will provide half-time construction inspection, monitoring of required testing of the water line during construction, and preparation of construction record drawings. City staff will also provide oversight of the construction work, and Monsanto will compensate the City for staff's time in managing this project.

FISCAL IMPACT:

The cost of the construction inspection services on the waterline project is \$43,500. This is being funded by Monsanto in accordance with the City's funding agreement with Monsanto.

There were no questions and/or comments from Council.

Motion by Vice Mayor Powell, seconded by Councilmember Saucedo to approve a Professional Services Agreement in the amount of \$43,500 with Rick Engineering

for construction inspection services on the Monsanto water line project, passed unanimously.

X. INFORMATIONAL ITEMS

- a. June Financial Report – No questions and/or comments
- b. June Check List Report – Councilmember Tidwell asked about two checks payable to Hank's Landscaping. He understood the service was used to clean yards through the city's C.A.R.E. program. However, he wanted to know if the city put liens on properties that are cleaned through the program.

Mr. Krauss said yes; the city place liens on the properties.

Councilmember Tidwell asked if a check payable to the Pinal Hispanic Council (PHC) for \$54,670.00 for the veterans park. He pointed out that Council budgeted \$50,000; so where did the \$4,670 come from and who approved it.

Mr. Kraus said yes; the check is for the veterans' park. He said technically the city has \$100,000 budgeted.

Councilmember Tidwell said he is aware of this, but \$50,000 was supposed to come from the Tohono O'odham Nation which the city did not get.

Mr. Krauss said that is correct; there were a couple of change orders that he believed were positive additions to the park. He said he is the one who approved to share the additional cost with PHC.

- c. City Overtime Report – No questions and/or comments

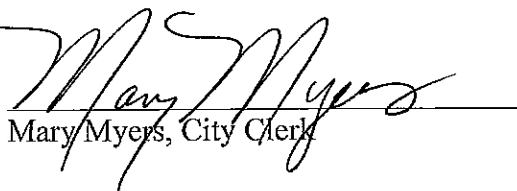
XI. ADJOURNMENT

There being no further business, Mayor Belloc adjourned the meeting at approximately 6:44 p.m.



Joel G. Belloc, Mayor

ATTEST:



Mary Myers, City Clerk